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Governor: TransCanada New Pipeline in Montana
Company News Release, Map and Estimated Property Tax Chart Tax Attached

(HELENA) – Governor Brian Schweitzer and officials from TransCanada today announced that a new pipeline will be built in Montana bringing more than \$1 billion of new energy infrastructure to the state.

“This is great news. Montana is one of only two states in America that has increased its oil production,” said Governor Schweitzer. “We have done our fair share to reduce our dependency on foreign oil from overseas. Now we are happy to participate in providing the infrastructure to bring more oil from our best trading partner to the north to domestic refineries.” The governor added that the “open season” for pipeline use to be conducted under FERC rules also provides an opportunity for Montana oil to use the pipeline.

“The Montana portion of the 2,148-mile Keystone Pipeline is approximately 282 miles angling from Port Morgan (just north of Malta) to the South Dakota border in Fallon County southeast of Baker. The Montana portion of the pipeline will cost a little over \$1 billion dollars according to company estimates and will produce nearly \$60 million annually in Montana property taxes, with Valley, McCone and Fallon Counties collecting between from \$13-14 million each,” Governor Schweitzer said.

The pipeline, when completed, will transport crude oil from Hardisty, Alberta to U.S. Midwest markets at Wood River and Patoka, Illinois and to Cushing, Oklahoma. The U.S. portion of the project includes construction of approximately 1,379 miles of pipeline and pump stations.

The Keystone Pipeline will have an initial nominal capacity of 435,000 barrels per day in late 2009 and will be expanded to a nominal capacity of 590,000 barrels per day in late 2010. Keystone has contracts with shippers totaling 495,000 barrels per day with an average term of 18 years.

The oil to be carried in the pipeline represents 3.4% of the U.S. refining capacity. That is more oil than comes from all but 5 other countries, including Iraq, Kuwait, Libya, Yemen, Colombia, China, Malaysia, Brazil and Qatar.

The proposed Keystone XL Pipeline Project is complementary to the Keystone Pipeline and would serve existing refineries and markets on the U.S. Gulf Coast in Texas. It would link a growing and reliable supply of Canadian crude oil with a rising North American demand for energy.

The proposed project is an approximate 1,980-mile, 36-inch crude oil pipeline that would begin at Hardisty, Alberta and extend southeast through Saskatchewan, Montana, South Dakota and Nebraska. It would incorporate a portion of the Keystone Pipeline to be constructed through Kansas to Cushing, Oklahoma, before continuing through Oklahoma to a delivery point near existing terminals in Nederland, Texas to serve the Port Arthur, Texas marketplace. Also proposed is an approximate 50-mile (80-kilometre) pipeline to the Houston, Texas marketplace.

The Keystone Project and the Keystone XL Project will be operated as one integrated pipeline system. The expected total capital cost for the proposed Keystone XL Pipeline Project is approximately \$7-billion dollars US. The expected total capital cost of the proposed Keystone XL Pipeline Project within the state of Montana is approximately \$1.05 billion.

Governor Schweitzer has been addressing the issue of pipeline capacity since 2006 when he convened a meeting with Governors Freudenthal and Hoeven in Billings to discuss this issue.

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